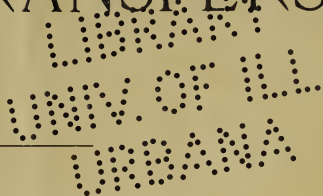


FREE TRANSFERS.



SHOULD THEY BE MADE
UNIVERSAL ?

ARGUMENT OF

SAMUEL J. ELDER, Esq.

IN REMONSTRANCE.

BEFORE THE COMMITTEE ON
STREET RAILWAYS.

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JUL 10 1897
ALBANY

COMMITTEE ON STREET RAILWAYS,

1897.

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HON. CLARKE P. HARDING,	of Norfolk.
HON. JOHN D. H. GAUSS,	of Essex.
HON. JOSEPH B. FARLEY,	of Franklin, Hampshire

Of the Senate.

MESSRS. GEORGE A. BROWN,	of Everett.
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WILLIAM A. JOSSELYN,	of Pembroke.

Of the House.

FREE TRANSFERS.

HEARING BY THE COMMITTEE ON STREET RAILWAYS.

BOSTON, APRIL 1st, 1897.

The Committee met at 10.30 a. m., Senator Irwin presiding.

THE CHAIRMAN. Are you going to give us a brief of your argument, or are we going to be able to have this evidence? It is very difficult for us to take notes, and my experience with committees here is that while I try to keep the headings and important things it is very difficult to follow the thing and give your mind to what is going on, at the same time take copious notes. I understood Mr. Burdett to say that we should have copies of not only your argument but your evidence. If that is so, it will relieve us somewhat.

MR. ELDER. I understand that to be the intention, that either the argument in full, which will combine a considerable part of the figures that have been put in, or else a brief of the argument, which will accomplish the same result, will be furnished.

THE CHAIRMAN. Yes. I think we are ready to proceed, then, Mr. Elder. This, gentlemen, as you remember, is the meeting for hearing the arguments on the Free Transfer matter. The bill is on the table, Mr. Elder.

CLOSING ARGUMENT OF SAMUEL J. ELDER, ESQ.

I appear, as you know, for the West End Road in opposition ✓
to the proposed legislation for universal Free Transfers in the City of Boston. This is only one of a large variety of measures which have been brought to the attention of your Committee affecting the street railway systems of this city and of the surrounding country. Roughly speaking, all these measures may be set down in three classes. First: Those looking toward a larger return to the municipality for the use of the streets or from the existence of street railway companies. Second: Those looking to lower fares or greater service for a single fare, under

which the measure under consideration comes, and Third : Those affecting the methods of conducting the service of the systems. Of course, we have to deal with only one to-day and that one the question of free transfers.

It was indicated very early by your Chairman that we might assume that every man, woman and child in the City of Boston wanted all he could get for five cents and was in favor of free transfers. I suppose human nature is very much the same with us that it is everywhere. But on the other hand it is also proper to assume that these petitioners do not want anything but what is fair, that the citizens of Boston want only what is fair. It may be stretching the mantle of charity considerably to say that all the persons who have been represented before you in favor of this measure are seeking only equity. But one thing is absolutely certain, and that is that this Committee will not deal with the matter other than judicially and that it will not recommend what is not fair and that the State of Massachusetts will not do injustice between the demands of the public on the one hand and the rights of invested capital upon the other.

I saw yesterday or the day before in one of the newspapers, which I will not advertise by naming it, but a paper not especially friendly to street railways or to corporate interests, what may fairly be taken as the text of my argument :

“ The people of Massachusetts are not fanatics on the corporation subject. They are well aware that in the management of their railroads it is eminently desirable, if good continuous transportation service is to be rendered, that the financial solvency of the companies should be assured beyond peradventure. They know from experience that when a company is financially in a bad way all of those who depend upon it to meet their business or personal needs suffer as a necessary consequence and hence instead of objecting to changes calculated to support and buttress the financial strength of a railroad company they both should and would welcome the project.”

The proposition to compel street railways to adopt universal and free transfer system has back of it, I think we may say, and for convenience of argument may take up, four repeatedly asserted claims.

First, that the introduction of electric traction has so reduced

the cost of transportation that railways can afford to do very much more than they could during horse car service.

Second, that the West End Company, as the object aimed at here, is attempting to pay dividends upon a large amount of watered stock, upon capital which does not really represent investment and for which the public ought not to pay a return.

Third, that in other large cities generally throughout this country, free transfers are given, and therefore the West End ought to give them, and

Fourth, that it really won't do any harm to the West End anyway, that the increase of travel because of free transfers would make good whatever injury the company might suffer.

Now, gentlemen, of course it is useless for me to attempt to deal with this matter other than fairly before you, because you are so saturated with it that you can call me to account at any moment. But I ask you to consider with me whether each one of these general propositions as they exist in the public mind is not absolutely unfounded and absolutely false. Take, if you please, the first, that electric traction has reduced operating expenses so much that the roads can afford to do what they could not do and that the profits are enormous at the present time.

The Introduction of Electric Traction, has not benefitted Street Railway Companies.

It was urged at your hearing by one witness that you ought to call for the books of the West End Road. The witness said that he did not believe that the sworn returns made by the officers of the road were correct, and that upon investigation you would be able to assure yourselves that the profits were very much greater than was supposed. Gentlemen, the practical answer to that is in your own mind. You have all that you can possibly do to consider the concrete evidence which is produced before you and you cannot become either auditors or bookkeepers for any such purpose. Nor have the laws of Massachusetts made it necessary that you should go into any such investigation as that. They have provided that every railway in this State shall make sworn returns, under penalties, to the Railroad Commissioners, the Railroad Commissioners themselves, like the Savings Bank Commissioners, being supplied with means for investigating accounts and determining upon them. Those sworn returns have been

made from year to year by the West End Road. But it does not rest there. Some one may say that the Railroad Commissioners do not properly perform their duty. The statute further provides that upon the application of the Board of Aldermen of any city or the application of the selectmen of any town or the application of fifty citizens of any town or city the Railroad Commissioners shall make an investigation. Such an examination of this road was attempted. It was not then believed in some quarters that these returns fairly showed results, and the petitioners were represented by able counsel and began that investigation. But so complete was the evidence that was produced before them of the accuracy of the accounts, that of the petitioners' own accord the investigation was abandoned. Those provisions are in chapter 113 of the Public Statutes, section 44. So that both from the necessity of the case and because the facts are accurately stated we start with one basic fact, and that is that the reports made by the West End Road are true.

Now its gross revenue for last year was \$8,341,958.29. Of that there can be no question whatever. Out of it the Company paid the interest on its bonded indebtedness, paid the dividend prescribed by its charter, upon the preferred stock and paid seven per cent. on the common stock above operating expenses. I shall call your attention later to the fact that the Statute fixes ten per cent. as the maximum dividend to be paid by street railways and to the protection which the statute gives up to that point. How much was left as a surplus fund or guarantee fund after paying these amounts? Only \$64,788.70 !

REP. WATERMAN. I would like to ask you right there : do you consider that sufficient for a surplus fund?

MR. ELDER. I do not, sir.

THE CHAIRMAN. How much was it, Mr. Elder?

MR. ELDER. \$64,788.70, and I say right here, in reply to Mr. Waterman's question, not only that I do not regard it as sufficient, but that I regard the margin on which this road is being operated as one of the closest upon which any business enterprise in this Commonwealth is operated. Only by the utmost skill and business judgment is it possible for this road to meet its operating expenses and meet its charges and pay even a reasonable return upon the capital which has been invested. And at this point I may fairly say that we trust you realize the im-

mense danger of using a sledge hammer or a crow-bar in dealing with interests which are as finely balanced as the interests of this road are at the present time. But I shall not take your time in discussing this first position taken by the friends of Free Transfers. The whole subject of the profitableness of electric traction has been considered by the Railroad Commissioners not with reference to the West End alone, but with reference to all the roads in the state. And I am content to cite from their report.

R. R. COM. *vs.* REPORT 1896 p.p. 108-9-10.

“Notwithstanding the facts referred to, the truth appears to be that the electric railway is not on the whole earning so large a net percentage on the capital investment, or paying so large a dividend to the stockholder, as did its predecessor, the horse railway; and this will be found to be as true with respect to the city as the country railways, taken as a class. The data which compel this conclusion are accessible to every one in the official returns of the companies for recent and former years, as published in the reports of the Board. If we compare, for example, the figures for the last year with those for 1885, ten years ago, we obtain the following results:—

COMPARATIVE RESULTS OF STREET RAILWAY OPERATION,
1885 AND 1895.

CAPITALIZATION, EARNINGS, ETC.	1885.	1895.
Capitalization* per mile of main track,	35,008.00	†49,100.00
Percentage of railway electrically equipped,		94.27
Percentage of operating expense to gross earnings,	80.02	68.93
Percentage of net earnings to capitalization,	8.38	7.74
Percentage of dividend to capital stock,	6.28	5.76
Percentage of surplus to capital stock,	14.41	3.06

“The table presents not only the fact, but the reason why there has been a loss, rather than a gain, in the ratio of net earnings and divisible income to capital investment. It is true that the operating expense is 11.09 per cent lower than ten

*Capital stock and net debt.

†An increase of 40.25 per cent over 1885.

years ago; but the capitalization (approximately the cost of the plant) is 40.25 per cent higher. The result is that notwithstanding the large increase of traffic, the ratio of net earnings to capital investment is less than ten years ago; and so, of course, the dividend. During the same period, the surplus, it will be noticed, has been drawn down from 14.41 to 3.06 per cent.

"The above comparison would, of course, be inclusive, if the electric system were now gaining year by year in the ratio of net earnings and divisible income to capital investment. On the contrary, the ratio has been declining with the increase in the use of electric power. This appears from a parallel comparison of the year 1890, when about 26 per cent. of our railways were electrically equipped, with the last year, when about 94 per cent. were so equipped:—

"COMPARATIVE RESULTS OF STREET RAILWAY OPERATION,
1890 AND 1895.

CAPITALIZATION, EARNINGS, ETC.	1890.	1895.
Capitalization* per mile of main track,	\$38,256.00	†\$49,100.00
Percentage of railway electrically equipped,	26.26	94.27
Percentage of operating expense to gross earnings,	74.80	68.93
Percentage of net earnings to capitalization,	8.93	7.74
Percentage of dividend to capital stock,	6.47	5.76
Percentage of surplus to capital stock,	4.74	3.06

"The downward tendency as regards the ratio of net earnings and divisible income to capital investment, and the explanation, are as obvious as in the first comparison. The result, it may be added, will be the same in both cases if, instead of taking the companies as a whole, we take only the older and stronger dividend paying companies. The capital stock of the latter is about 87 per cent. of the total capital. The average dividend paid by these companies was 7.13 per cent. in 1885, 7.03 per cent. in 1890, and 6.63 per cent. the last year, declining on substantially the same scale as above shown.

*Capital stock and net debt.
increase of 28.35 per cent over 1890.

"It is not by any means intended to convey the impression that electric railway operation is, or is destined to be, a financial failure. The idea that it is likely to prove a source of extraordinary or abnormal profit must, however, be abandoned. It is a close business, yielding with skilful and prudent management only a fair average return, quite within the limit allowed by statute and conservative opinion as adequate and proper for investments of this character. It was suggested in the report of two years ago that the financial conditions and results of street railway enterprise would not be found to differ in the long run essentially from those of railroad enterprise. The average return on street railway capital was the last year a little below that on railroad capital, in this state."

In the case of the West End Railway the dividends on common stock have fallen from ten per cent. to seven per cent. A similar though not so serious a reduction of dividends occurred throughout the state. No further answer to this first position seems to me to be necessary. Its constant iteration in these hearings is a fair illustration of the evidence upon which "Reformers" and so called "Friends of the people" ask you to act.

Every Dollar of the Bonds and Stocks of the West End Capitalization represents Investments.

Now, then, as to the second proposition, namely: that the West End is paying returns on capital which does not represent legitimate investment, in other words that the stock of the Road is watered. Absolutely nothing can be falsier, or further from the truth than that is. Let me recount the facts which every one knows who is in the least conversant with the subject.

In 1887 the West End Road was authorized to consolidate with the seven existing roads, or, rather, to take these roads up in a consolidation and to introduce either cable or electric traction. In the first place the Road was authorized to do, what of course it must do, assume the bonded indebtedness of the old roads. That equalled nearly four millions of money, some of which bore a high rate of interest. \$3,190,000 of those bonds are still outstanding. In the second place it was authorized to issue, and has issued of its own bonds \$5,815,000. Every issue of those bonds was authorized by the Railroad Commissioners of

Massachusetts after hearing. None of it could have been issued in any other way, and every dollar has been expended in the change from a horse railway to an electric railway, and has gone to improve the facilities enjoyed by the citizens of Boston.

In the third place the stock of the old roads was replaced by preferred stock of the West End Road. The charter of the West End, as granted by the Legislature of Massachusetts, provided that that should be done, and that eight per cent. preferred dividends might be paid on the stock so issued. You will remember that the stock of nearly all of those old roads was selling at a premium, and was receiving as high as eight per cent. dividends. No better trade could possibly have been made with the old roads than preferred stock at eight per cent., and thus \$6,400,000 of preferred stock was issued. Not one share of that preferred stock exists, except for a share of stock of the old roads.

Common stock of the West End Road to the extent of \$9,085,000 has been issued, every dollar of it with the approval of the Railroad Commissioners of this State. And I ought to say that this approval has not been perfunctory. Citizens' committees from time to time came before the Railroad Commissioners, represented by eminent counsel and thoroughly investigated the proposed issues of stock. Every share of it was issued at one hundred cents on the dollar except where it was sold at a premium, and every dollar of it went into the railroad. When the last issue of stock was made a premium of three-quarters of million dollars went into the treasury of the company. This makes about \$25,000,000 in stock, bonds and preferred stock of the road.

It is idle to say that there is any stock watering here, and as a good example of it, let me call to your attention the Philadelphia Railway, which was eulogized here by witnesses on the other side. That road is less than twice as large as the West End, considerably less than twice as large, very much less expensive to construct, because they have broad streets and avenues running at right angles, while the streets of Boston, as we are told, are the traditional cow paths, and twist and interlace among each other like the strands of a spider's web, making the expense for switches and for construction inordinately large. And yet the capitalization of the Philadelphia Road is \$100,000,000, against \$25,000,000 for the West End road.

You will remember, gentlemen, that the organization of the West End Railway was under the closest scrutiny of the public, of the Legislature and of the press. At that moment very few were the voices which were raised against it. Boston sought improved transit, as I shall attempt to point out later, and was only too glad to have the strong men who made this consolidation undertake, at their own expense, the unravelling of the transit problem of the city.

One thing more on this subject. Suppose there had then been talk of municipal assumption, of the city's taking up the seven roads and introducing electrical traction or cable roads, and making experiments? Do you believe that any one would have dreamed of allowing the city to do it, in the first place? And, in the second place, do you dream that any Legislature of Massachusetts would have allowed them to take up the stock and rights of the old roads at any less figure than the West End was authorized to take them. Confiscation has never had a place in Massachusetts policy.

The Railways in other Large Cities do not give Universal Free Transfers.

Coming to the third question. It has been treated somewhat fully in evidence. We are constantly met in the press and in common conversation, and in this committee room by the statement that practically in all other cities free transfers are given and the West End ought to. Well, they do, gentlemen; In practically all other cities free transfers are given. But what kind of free transfers? Just about the amount of free transfers that the West End Street Railway gives. What is attempted by these bills is to get *universal* free transfers. And there is the sharp distinction which is to be drawn. The West End gives free transfers. Fifty-six thousand free transfers a day. Very few cities, in proportion to the revenue of the roads receive as many as that. And yet we are met by gentlemen claiming to be familiar with the facts, and we are met by statements in the public press, that the West End road is standing practically alone, that Boston is a community which is being slaughtered in the interest of a monopoly. They have given us lists of cities receiving free transfers. In all honesty and fairness, why didn't

they add Boston to the list? Free transfers are given here much as they are elsewhere.

I want to refer to a few of those cited cities. Toronto, we are told, is a city of free transfers. Well, it is a city of free transfers; but how far? To the boundary line of the city. The longest ride you can get is a ride of seven miles, by all the transfers available. The moment you cross the border in any direction and come upon a suburban line, you get no free transfer, but you pay a new fare and a full fare. The West End road is serving fifteen cities and towns, whose boundary lines do not mark the payment of a new fare, or even require a transfer. They may well grant them up there, but when you take Toronto as an example for Boston, consider what wages are paid there. It is a little more than one of the petitioners' witnesses put it, 90 cents. For one class of service it is about \$1.10, and for another class of service it is a little more than that, but it is practically one half what the West End road pays, so they may well charge lower fares and grant free transfers.

But we hear constantly about Detroit, and we have had investigations made there; so that you might not be left with misinformation or half information. And what do we find the facts to be? They have free transfers. They have two systems of railways there, now controlled by the same road, the last one having practically failed. There is no system of free transfers between the two systems. Transfers are good only on the road issuing it. Suppose Boston were back with its old seven systems, and you were talking about free transfers? Each might grant transfers over its own line, but not over other lines. That would correspond to the Detroit system, but would give the public of Boston one-tenth part of the transfer service, the length of service for one fare that the West End is giving. But that is not all. When you reach the boundary of Detroit, the same old story recurs. The moment you touch one of the suburban lines, along which the laboring population ought to be enabled to live, and ought to be encouraged to live, where there is fresh air and open spaces for their children, then a new fare is charged. And again, what kind of service do they give in Detroit. The West End has almost as many open cars for summer travel, better than the rich man's barouche, as it has winter cars, doubling typically the first cost of rolling stock. Detroit has noth-

ing of that kind. It has closed cars the year round, out of which in the summer time they take some of the windows.

The street railways in Detroit are exempt from paying any city or State taxes. Under the leadership of Mayor Pingree a system has been adopted, not of gain to the municipality, but of reducing fares to the lowest point. It is a different system from that which Massachusetts wisely adopted years ago, and until you are prepared to entirely depart from that system, by which the city and State receive a return, I submit, gentlemen, you ought not to go to the extreme of demanding lower rates of fares and increased length of travel. The West End pays \$340,000 and over in State and municipal taxes. The West End Road takes care of the paving between the rails, and also of the paving eighteen inches outside of the rails. In Detroit the city takes care of the entire street and calls upon the railroad for no contribution. But even with this exemption gentlemen, they have had but a few years' experience in Detroit, and one of the companies has already found itself in financial difficulty, and the service upon it has been materially crippled and injured, and it finally has had to go into the hands of the competing company. Is such an experiment as that worth trying here, where we have, as has been testified by our opponents, the best street railway in the world?

Then we come to Buffalo. There they have universal free transfers. These others are not universal free transfers, but Buffalo has them and is the only city in the country that has universal free transfers. What is the result in Buffalo? In the first place, the same rule obtains there with regard to suburban lines; the transfer is good only to the city limits. And what has been the result? You will agree, gentlemen, as representing the business as well as the popular interests of the State, that invested capital is to be protected in a fair return in proportion to the risk involved. What return has been made on the capital of the Buffalo Street Railway? In the last ten years, gentlemen, they have paid three dividends, and those dividends have been one per cent. each. Three per cent. dividends in ten years!

Lowell is also cited. It has one transfer station. All the lines come into a central square. A man who is going from the north to the south is transferred under the eye of the conductor and of the inspector into a car going still further south, and so

from east to west. It is one transfer station, and I don't need to spend any more time on that. The West End by twelve transfer stations and long through lines gives far greater accommodation to the public.

In Providence, after a thorough investigation and prolonged hearings before the Rhode Island Legislature, a bill was enacted whereby the Providence road in return for certain concessions, was to give practically universal free transfers, in the following way, however. All the lines radiating from the center of the city come together at a common point, and there a station was to be built in which passengers could be transferred. There could be one transfer and a practically continuous passage, though in a different car, and nothing else; and the city of Providence was to give the land for this transfer station. But as a fact the plan has never been carried out, and nothing further was accomplished there.

Now, Philadelphia, if you please. If any city in the wide world is a city where free transfers can be granted, it is Philadelphia. They have broad streets and avenues, running either north and south, or east and west, crossing each other at right angles, so that the possibility of transfer exists there, perhaps, more than in any other city in the United States. They did have a system of free transfers, so you were told in this hearing by witnesses who supposed they were telling you the present facts, entirely ignorant of the fact that in Philadelphia general free transfers were abolished more than a year ago. This is a fair illustration of the kind of information to which we are treated in this hearing. Philadelphia, with all its advantages, after trying the system, was compelled to abandon it, and did abandon it, except under circumstances like these. On some of their lines, where passengers come in from a considerable distance, a man has to pay ten cents, and in some instances fifteen cents, for a ride not much greater in length, if any, than is given by the long lines of the West End Road; and those persons paying ten cents or fifteen cents are entitled to a transfer in the center of the city of Philadelphia. And that is all the transfers they have. You know that certain streets run through the center of the city of Philadelphia. People not living on those streets, but on parallel ones wanting to get to the center of the city, can't be transferred to any of the cross lines without paying a new fare. They must either walk to the center of the city or pay another fare.

As to New York, I had the pleasure of visiting that city last week, and I took a half a day enjoying the much-vaunted free transfer system of the city of New York. We were told that it has absolutely a universal free transfer system. Well, it has not. New York is fairly well arranged for the granting of free transfers. The great lines run from north to south. The business center is in the southern section of the city. At right angles are cross streets, which run east and west across these avenues. So that free transfers may be given to a passenger going north, allowing him to cross the city and continue his trip north—or the reverse—without any chance that he will return to or near his starting point for one fare.

Now, then, in the first place there are several lines of railway in New York. The Metropolitan Street Railway Co. is the largest, and now has taken up most of the roads. The different lines do not grant free transfers between themselves, and never have.

In the second place the Metropolitan Street Railway does not grant universal free transfers. I supposed it did, and with great confidence called for a free transfer check on a Broadway cable car, and was refused. I tried it again at another point and was refused. And finally, getting a chance to talk with the conductor, for I took a half a day for this investigation, I found that it was only at two or three points above Madison Square, I don't know how it is below, at which free transfers were granted from the Broadway Cable line onto the side lines. And, as I think is unquestionably the fact, those are granted only as the surface roads come into competition with the elevated railroad at elevated railroad stations where there happens to be a surface cross-line. I found going on the cross lines and trying to get on to the cable line that there were but two points at which a transfer on to the Broadway cable line would be granted.

Now, the fact simply is this; the surface roads were in violent competition with the elevated roads, and for the purpose of that competition free transfers were granted on and to cross line cars which passed a station of the elevated road. In other words, a free transfer at points of competition was a chamo given by the surface roads in competition with the elevated roads.

Nor is that all, gentlemen. In comparison with the bills which are presented before you, what kind of free transfers do

they give? Thirty-minute free transfers, do you think, as these bills call for? Not at all. Every transfer check provides that it is good on the next car which passes the point at which you alight, and upon no other car whatsoever. Not thirty minutes leeway, but the very next car which passes that point. If Boston was satisfied with the service, and had been in the last ten years, that is given in the city of New York, Boston would be in very much better position to demand free transfers. You are familiar with the New York systems. There are three cable lines in New York city which give something like rapid transit. You know something about what the comfort and convenience of it is. At every curve men are thrown, and women too, practically all over the car, and in starting and stopping, your neck is pretty nearly jerked off as it would be at the end of a noose. And that is the only surface rapid transit furnished you in the great city of New York up to the present time. And the rest of the service, except a few of the cross lines which are now using the cable, a very few, are running old-fashioned horse cars, with seats for 24 passengers, bobbing up and down, making five miles an hour, heated, if heated at all, by a stove, and lighted, if you call it being lighted, by smoky kerosene lamps at the ends of the car; the comfort of the passengers' feet being subserved by straw, which retains the aroma of the last dozen loads of passengers. I need not compare that with what we have here, because you are familiar with the cars and service in Boston. If Boston, as I say, had been satisfied with that sort of travel, and didn't demand the finest system in the world, it could ask for greater accommodations in the way of transfers, and the road would be in far better position to grant them.

West End Handicapped by Physical Conditions, Wages, Hours, Car Mileage, Fuel, Cost of Car Heating, etc.

So much, gentlemen, for the different cities which have been named before you. Now, I want to call your attention to another matter upon this same proposition. Suppose all that was claimed for these other cities was true, and they did grant universal free transfers, would that be any guide to your action with regard to Boston? I have already called attention to one of the differences between this city and the other cities, but I will repeat it

for the sake of putting it in this connection. Those cities in almost every instance are ones where the streets cross each other at right angles, and where a simple form of transfer can be granted, namely, allowing the passengers going north to retain their general direction, east the same direction, south the same direction, being merely a transfer to cars on another line or another avenue going in the same way.

But Boston is so situated that it is utterly impossible to adopt any such system of transfers as that. It is fan-shaped, it is like a little more than half of a wheel, with the avenues and streets coming in as the thickly studded spokes of the wheel to the common hub near the Tremont house,—for instance from the South, Dorchester avenue, Shawmut avenue, Washington street, Tremont street, Columbus avenue, Huntington avenue, Boylston street. The purport of the bills before you is not that men coming in from that general southerly direction shall be allowed to go northerly, but that a passenger shall be transferred back over any one of those streets, except the one by which he came; that a man coming in by Tremont street shall go back by Washington street or Columbus avenue. He lives half way between the two streets; he has half an hour's leeway, he comes in by one line, stops his half an hour and goes back by the other. In other words, he gets a northerly and southerly transit for a single fare. That is just what this effort in the direction of free transfers means. But I have already alluded to this geographical difficulty and I need not develop that idea further.

Another difference between Boston and these other cities is in the rate of wages. The West End pays its men \$2.25 per day, conductors and motormen. In only one other city of the United States are any such wages as those paid, and I need not say in no other city of the world, because foreign cities do not begin to pay such wages. In Chicago it is true similar wages are paid, but paid to whom? They are paid to grip-men on the cable lines, who handle not a single car, but a train of cars, two or three cars in a train, where the highest degree of skill is required. In Chicago for that kind of service they do pay as great wages as are paid in Boston, but nowhere else in the country. Cincinnati pays \$2.00, Indianapolis pays \$1.92, Cleveland pays \$1.80, Buffalo pays for the first three months' service \$1.50, the next nine months \$1.60, after one year \$1.80. Providence pays \$2,

Worcester pays \$1.80, Lowell pays \$1.90, Toledo pays \$1.71, Kansas City pays \$1.70, Milwaukee Electric Light Co. & Railway pays \$1.90, Minneapolis pays \$1.60 and \$1.70.

Assuming that the average rate of wages in other cities is as high as \$2.00, which it is not, it means 25 cents a day difference for all the employees of the West End Road, motormen and conductors ; and that item alone, gentlemen, means \$450,000 a year to the West End Street Railway Company.

Now, coming, if you please, to the question of hours. In the West End System 10 hours makes a day, and it must be 10 hours in 12. They can't employ men part of 14 hours to get 10 hours' service, but must get the service in 12 hours. The result is that with a good many of the employees of the Road it is impossible to get a full 10 hours. The busy hours are in the morning and in the evening. It is impossible to arrange the hours on many lines so as to get a full day's service of 10 hours from the men, and the West End Road suffers in that way. In New Haven it is 10 hours, in Springfield it is 10 hours, in Indianapolis it is 12 hours, in Cincinnati it is 12 hours, in Fall River it is 10 in 12, in Cleveland it is 10, Buffalo it is 10, Providence it is 11, Worcester it is 9 hours in 12, a little less than the West End, in Philadelphia it is 12, Omaha 10, Toledo 9 1-2, Chicago 10, Kansas City 10, in Baltimore it is 12. Now this difference in the matter of hours, in which you will observe that the West End is more restricted than a majority of the roads which I have named, makes a very considerable difference in the expense.

Nor is that all. Our streets are narrow, twisted and congested. In the section to which practically all our cars must run, and where the people demand that the cars shall run, the transit is very slow. Out of her electric cars Boston gets 70 miles a day as the average, while every other city, like Philadelphia and Buffalo and Detroit, and the large cities where they have clear tracks, broad avenues and straight lines, gets an average of 100 miles a day. That, gentlemen, makes 30 per cent. difference, 30 per cent. difference against the West End Road in the amount of wages paid and in the amount of rolling stock which it is compelled to keep, simply because it gets 30 per cent. less service.

Nor is that all, gentlemen. The cities where low rates and free transfers exist you will find, are near the great coal fields of

the United States. The price of coal in many of those cities is a dollar a ton and less. In Buffalo it is considerably less than a dollar a ton. In Boston, at the West End power houses, it costs from \$3 to \$3.25 a ton. I haven't the gross amount of that handicap that the West End is under, but you can easily realize that it is a very considerable sum.

The snow charge here in Boston, near the coast, the West End being required to take care of the snow upon its tracks and adjacent to them, varies from \$100,000 to \$200,000 a year, according to the severity of the season. That great February storm, in which I think we held one of our hearings in this case, cost the West End Road \$57,000. That item is largely in excess of what it is in the cities where the greatest free transfer systems exist.

I ought to say a single word again with regard to New York, which is so constantly alluded to. Just look at the difference in the situation. The New York Broadway line, which serves an immense population and has an immense traffic, the cars running within a half a block of each other all the time, is only seven miles long. They are required to have 14 miles of track only to get the immense amount of patronage which goes over that line; and they are enabled to have their power station and their car station and all of what you might call their stables, under one roof. While the West End system, as you know has something like 295 miles of track, and is compelled to have 35 stations and to maintain them with the expense of the land about them.

Another difficulty, and a burden placed upon the Road by the Legislature, to be considered when a comparison is made between this road and the roads of other cities, is this: The West End cars are warmed by electricity. The advantage to the public and to the public health cannot be over-estimated. But how about the Road? Does it get a cent more in the winter season for its fare? Not at all. And heating the cars adds 25 per cent. to power expenses. It isn't merely the additional expense for coal, but it is the additional expense in the size of the wires which conduct the current to the cars. When I tell you that there are \$2,000,000 worth of copper wire in the streets of Boston to serve these cars, and that 25 per cent. of the weight is required by the requirement to heat the cars, you see to some extent what the additional burden is that the Road is under.

So much for the third proposition, then, and now I come to the fourth one. We are told—notwithstanding all these things,—we are told with a good-natured smile, “Oh it won’t make any difference to the West End Road, you will stand it somehow, you will get along somehow with it. You will, if you give free transfers, have so much more travel, that it will make good any loss that comes from the granting of free transfers.” How does anybody know that this is so? If you were sitting as a board of directors, with a great business institution to direct, and you were given that glowing possibility, would you accept it? How could you know it to be well founded? How would you act upon it in the financial interest of your road or of your enterprise? It is the vaguest sort of statement.

Increased Travel Will Not Make Good the Loss From Universal Free Transfers.

I am going to ask you to consider the road itself, in answer to that proposition. No one has yet suggested that the management of the West End Road is not a skillful and a competent one. If there was a way in which it could make larger dividends for its stockholders, don’t you believe they would adopt it? This is a case in which their interest would be in the direction of change, and where you could count on their making a change, if it was a way to make more money. The managers have had better opportunities to judge of the street railway service and its financial outcome, than it is possible for any one else to have, even the “reformers” who have come here and testified so confidently. Is it possible for us in considering this question to place their experience ahead of that of a board of direction and a management which, certainly, has never been accused of being incompetent. It seems to me that this claim is answered by the mere fact that the road itself has not adopted the system proposed.

It was also suggested, when a table was put in before you, which, perhaps, you will recognize as a copy of the one I hold in my hand, it was suggested that the probable use of free transfers would be measured by the falling off in the use of eight-cent checks; that is, that people who were buying eight-cent checks would naturally use free transfers, and that that would be a fair, or at least some measure of the future use of free transfers. But when you stop to examine this paper and these figures, you will

see that it is in no measure at all. Take the months of June, July, August and September, 1896, and I take those months because it was during those months that the twelve transfer stations were in operation, three of them with increased transfer facilities and two new ones,—the falling off of the use of the eight-cent checks was 579,000 checks. How was it about the increase of free transfers? The increase of free transfers was 3,282,000, more than six times as great. I think that you will agree with me that the falling off of the eight-cent check is no criterion of the amount that the Road would lose in giving universal free transfers.

There is another point to which I want to call your attention. The report of the Railroad Commissioners points out very clearly what your experience will also confirm, that the way in which the electric roads have been able to branch out and build new lines wherever they were demanded, and improve their facilities, and give better accommodation and service, has been by the increase of their travel. And it is true that with electric service the travel has increased. The figures of the West End show that the increase from year to year has been from eight to ten per cent. In the last year, 1896, taken as a whole, the increase of revenue passengers, was upwards of eight per cent. Now, if you please, gentlemen, take those last four months, when the full system of twelve transfer stations was in operation, with increased facilities at quite a large number of them, and how much was the increase of revenue passengers? It was less than one per cent. It was nine-tenths of one per cent. In other words, the eight or ten per cent. increase, which is absolutely necessary to the improvement and continuance of this system, had stopped or had come down to the vanishing point. The West End Directors have been conservatively increasing the free transfer system, not by cutting throats or doing things by the wholesale, but by gradual development where transfers were most needed, until they have now reached a point where the regular growth of revenue passengers has come to an end. They have reached the danger point. Every other road in this State was still growing in its revenue passengers at the old rate. The Lynn & Boston, running into Boston, was growing at the old rate. I submit, gentlemen, that you there have a demonstration, and no longer a matter of theory or a matter of guess-work.

It was said in Mr. Burdett's opening that if one in ten of the

passengers who now pay a fare rode on a free transfer check, it would wipe out the dividends on the common stock, and that it would more than half wipe out the dividends on the preferred stock of this road. You will remember that the leeway is only \$64,000, and that if one passenger in ten rides on a free transfer, it wipes out over \$800,000 of revenue. We were asked why we took one in ten. Well, now, gentlemen, I propose as far as I can to show you why we took that, and why we ask you to believe that that is a reasonable assumption.

Universal Free Transfers will cause a Loss of \$800,000.

You will observe, from the statement previously referred to, that the increase during the four months of free transfer passengers was 3,282,000 ; and you will observe that that is seventy-five times as great as the increase of revenue passengers, and also that it is five per cent. of the total number of revenue passengers. The revenue passengers were 59,000,000 in round numbers ; the increase in the total number of free transfer passengers was 3,282,000, which is five per cent. of the total of revenue passengers. And that was an increase induced by the creation of two new transfer stations, and the development of three other transfer stations. If an increase of transfer facilities by two transfer stations and the development of three old ones results in an increase of free transfer passengers of five in every hundred of revenue passengers, I ask if it is more than reasonable to suppose that with free transfer checks in the hands of every conductor of the West End Road, it will result in ten in every hundred, or ten per cent. I submit to you, that ten per cent. will not be a fair measure, and will not show the loss which the Road will sustain.

We have thus far, gentlemen, left out of our discussion or consideration the danger of fraud ; and it is not a subject that we desire very much to argue. I want to say right here that we believe that the conductors of the West End road are as good a body of employees as are engaged in any similar line of industry in the world, and just as honest and just as loyal to the Road. But, on the other hand, it is no disparagement to the honest men to say that with more than a thousand conductors in the employ of the road, some of them will be tempted, when the temptation is

placed palpably before them, into increasing their own revenue at the expense of the road. And I say that without one word of disparagement of the great bulk of the men, whom we believe to be wholly honest. But think, gentlemen, how simple the system of fraud would be, and how easily accomplished, and how great the temptation. Coming into a central point like the Tremont House, like Post Office Square, like any one of the half dozen outlying stations, a conductor has merely to slip ten, twenty, or thirty free transfer checks into the hands of some confederate, some striker,—I don't mean a striker in the sense of having left the employ of the road, but a man "out for the stuff"—to slip into his hands a number of transfer checks which that man in due course slips into the hands of a conductor going beyond. That conductor has nothing in the world to do when he receives a cash fare but to punch a transfer check, tuck it into his pocket, and turn it in as cash. These transfer checks are turned in as cash. The fare is rung in, it counts as one. Five cents must be returned, or a transfer check must be returned. Receiving the transfer checks from further up the line in that way, all the man has to do is to mark the checks which he gets and turn them in as cash fares. A dollar or two dollars a day helps him, and it defrauds the road. And the man who gave the first twenty, in his turn, receives twenty or some other number from the book of somebody else.

REPRESENTATIVE WATERMAN. I would like to ask a question. Suppose you could eliminate fraud, what do you suppose the difference would have been in the surplus fund on your last accounting?

MR. ELDER. Well, I shall have—

REPRESENTATIVE WATERMAN. Give us an educated guess.

MR. ELDER. If I was an educated guesser, Mr. Waterman, I would do it. I will tell you that we want to believe that the men connected with the West End road are absolutely honest. We want to believe that every fare which has been collected on that road in the last ten years has been rung in and paid in, and we don't want to suppose that the stockholders of the road, or the surplus of the road has been damaged by fraud. If, gentlemen, in your judicial judgment you should disagree with us in that proposition, and believe that our stockholders have been defrauded, I pray you that you will not increase the opportunities for fraud.

I want to speak of one thing more, because we hear it constantly urged. They say, "What is the use of your talking about not being able to give free transfers, when the elevated road, which is up here for a charter, and asks for leave to lease your road, offers free transfers? Why do you take this subject and make the figures look as if it were impossible, when the elevated road, knowing what it is doing, is offering free transfers?" That seems to be a knock-down argument. But does the elevated road offer universal free transfers? I have no desire to criticise its bill, but if you will turn to Section 8 of the proposed amendments to the elevated railroad charter, you will see what it says: "Said corporation shall also provide such system of free transfers on all the lines of railroad under lease or controlled by it, as may be approved by the Board of Railroad Commissioners." We have now a system of free transfers on all the lines of the West End Road, which I believe, gentlemen, the Railroad Commissioners would approve if presented to them. A plan which issues 56,000 free transfers a day, a very large fraction of the total revenue passengers, and which places transfer stations at twelve local points in the city, at a very large expenditure of money, I believe the railroad commissioners would approve. At all events, whether they would or not, they have no power in the bill proposed by the elevated road, of requiring any different system of free transfers. They are merely called upon to approve a system of free transfers such as may be submitted by the Railway Company to them. No power of initiative is given them to deal with it. And whether they would change the present system at all or not, certainly nothing is guaranteed in the bill of the elevated company which can be used as an argument that universal free transfers in every direction should be given by us.

Senate Bill No. 8.

I have thus far, gentlemen, been considering the general grounds of what has been called a "popular movement" in the city of Boston, and, of course, in dealing with them I have dealt with the general issues in the case and the main arguments on those issues. But I now want to come to the specific case, if you please, and the specific bills, taking up Senator Gallivan's bill first, Senate No. 8.

MR. ROURKE. I would like to ask the gentleman, in the Act of 1894, if he read the act which was granted to the Elevated Railroad, in regard to free transfers?

MR. ELDER. No.

MR. ROURKE. It didn't say anything about the Board of Railroad Commissioners then.

MR. ELDER. That is very nice. That was an elevated railroad bill without any permission to lease the West End. Undoubtedly an elevated railroad, running a few trunk lines from one end of the city to the other in a straight line, could grant a continuous passage. There isn't any occasion to transfer; all you have to do is to keep on riding, it is a continuous ride, practically, because they don't have in the elevated system proposed in 1894, branch lines radiating in every direction, but three or four trunk lines. And more than that, nobody has been able to use the charter of 1894.

Now coming to Senator Gallivan's bill, it provides for the issuance of a transfer check at the time of the payment of the fare. A man gets in, we will say, out in Roxbury and pays his fare, and then he is to have a free transfer check given to him, and that check is to be good on any car "owned or operated by said company, which passes the point where the person asking for the transfer check leaves his car." That is to say, the passenger must indicate at that moment where he is going to leave the car, and the transfer check must be good at that time. The delay in collecting fares from the issuance of free transfers at that time is sufficiently apparent? But the conductor is also to mark the time when the passenger leaves the car. How is the conductor to know at what time he will reach a given point, so that this man's transfer may be correctly punched? With the delays in transit, how is he going to ascertain just the time, so that the proper marking of the transfer check may be made?

You all notice in the steam railroad trains, where a man pays a cash fare and a slip has to be punched by the conductor, how long it delays the conductor in collecting his fares. Think of a street car with every other passenger asking at the time of the payment of a cash fare for a transfer check, which had to be marked in a similar way, each one perhaps intending to leave at a different point and at a different time!

Furthermore, the bill says "provided such other car is not re-

turning to the same point from which such passenger started." That makes it necessary for every transfer check to indicate every street crossing at which a person may get on to a car. Because, as you know, the lines in Boston interlace; there are cross-town lines for convenience of passengers crossing here and there. A man, for instance, coming in on the Tremont street line might be entitled to a transfer check over several lines which did not go to the point from which he started, and yet might not be entitled to a transfer check on some cross line which actually did go to the point from which he started. So that, apparently, the transfer check must be marked with every street corner on the whole line, some of the lines being fifteen miles long, in order to conform to the provisions of the bill.

But there is another point of greater importance. When Senator Gallivan was before you, the Chairman of the Committee said, reading his bill, "Provided such other car is not returning to the same point from which such passenger started,"—"You mean not returning in the same direction, Mr. Gallivan?" And Senator Gallivan said, "Yes." He felt the fairness and force of that suggestion and said that the bill might be amended to suit the wishes or views of the Committee. There, gentlemen, we reach the crucial point with regard to the application of free transfers to the City of Boston. What is the "same direction?" In Philadelphia and in New York it is north, south, east and west, but in Boston what is it? These bills don't mean merely that a man coming in on one of the half dozen southerly lines shall be allowed to go in a northerly direction. Not at all. They mean that he shall be allowed to go back on any one of the other lines. To come in by Tremont street and go back by Washington street, by Columbus avenue, by a cross-town line, by Huntington avenue, any line except the one he came by, that is what this bill means as it reads. And that is what the petitioners said, and what the evidence indicates that they want. Senator Gallivan showed his fairness when he assented to the idea that the bill ought to say "in the same direction." But "in the same direction" is not more than they have now, or very little more than they have now, because passengers from practically all the southerly section may go to the northerly, and the northerly to the southerly, and the easterly to the westerly. And more than that is given now, because those from the north-

erly may go out to the west, and may go to the southeast, and may go to the various sections southerly, and those from the south may go to Cambridge and in the westerly direction.

So, gentlemen, the topography of the city of Boston is practically an answer to the demand for a universal free transfer system. Anyone, I think will agree that the West End Road should not be compelled to bring a man in over the Washington street and let him go back by Tremont street, so that with his home between the two he may use both lines and pay five cents for an outward and an inward passage.

But, still further, the check is good at any time within thirty minutes. "The conductor at the time of issuing such transfer check shall punch or mark the same in such a way as to show the time at which it is issued," and it is good within thirty minutes from the time of issue.

Well, gentlemen, that is more than is granted anywhere else, and that is not fair. In New York, as I told you, the transfer is only good on the next car which passes the point where the passenger debarks, and in New York, you remember, the free transfer check is given when the man gets off, and is punched at points of street railway intersection. A passenger cannot use his check at any other point. It is proposed by this bill that a man may use his check at any time within thirty minutes, and transact all the business he can in thirty minutes and then go home. I submit gentlemen, that that is not fair, and that these difficulties are not difficulties of mere draftsmanship, but they are difficulties inherent in the situation.

House Bill No. 57.

Coming to Mr. Rourke's bill, No. 57, somewhat similar difficulties exist. He provides that the transfer check shall be issued when the passenger gets off, but the check is to be good on any car not going to the point from which the man started. Well, now, gentlemen, how is the conductor to tell where the man started? A man gets on in Roxbury, a man gets on in South Boston, anywhere you please on a line that is six or seven miles long. When he gets off his car he says, "I want a transfer check." Do you believe the conductor can remember the point from which he started, so as to give him a check which

won't allow him to go right back by another line that goes into that vicinity? It is simply an impossibility. If you could say north, south, east or west, as they do in New York, and elsewhere, then that difficulty would be removed. But you can't say that in a city situated as Boston is. It is impossible for the conductor to mark the check in that way. "The conductor at the time of issuing such transfer check shall punch or mark the same in such a way [as to show the time at which it is issued and the destination of the passenger." The same difficulty arises under this bill which arose with regard to Mr. Gallivan's in regard to the particular line of cars that the man may go back upon, and I will not repeat my comment upon that.

Then too, at some of your street crossings where a good many people get off, especially in the congested district of the city, where you can't allow a car to be stopped any length of time, think of the conductor stopping his car and holding up a line of cars back of it while he does this complicated marking and punching for half a dozen or more passengers who want to get off and want transfer checks there. I believe, gentlemen, it wouldn't be more than a year or two before you would have an application to modify the law if you passed this bill. The bill provides that the check is good upon any car, and does not say that the car must be taken at the same point at which the person left the first car. That is, a man may roam around for thirty minutes and do what business he has to do and then get on another car at any point he likes.

House bill No. 60 differs from this only in having a third section which says the holder of a transfer check is not entitled to a ride except within five miles of the City Hall.

Now, gentlemen, no other system of transfers is possible. These bills indicate it. In their effort to accomplish what they themselves would think is fair, these gentlemen show the impossibility of dealing with the subject in this city. The system of manual transmission, as it has been called, where the conductor sees personally that a passenger from his car gets into another car, is, of course, not possible in Boston, nor can stations be created with an inspector at each station to grant transfers. That would call in Boston for 140 stations and that would call for an expense for inspectors and for car houses and for heating and lighting, which is absolutely prohibitive. Figured on the pres-

ent rate of expense for twelve stations, it would be in the vicinity of a million of money. The primal difficulty with this whole proposition, with this whole effort for free transfers, is that it would cost the Company so much more than it would benefit the public.

No Case made out by the Petitioners.

Leaving the bills, I ask you now, gentlemen, how did the petitioners sustain their case? With the burden of proof on them to prove their case, how did they succeed in doing it? I am not going over the evidence because it is meagre, but I will submit to you gentlemen on this Committee who are familiar with the practice of the courts, that so far as any case was made out by the petitioners on their evidence, we might have stopped at once and not introduced a particle of evidence or made a word of argument. Practically nothing was shown. Nearly every witness took pains to say that his section was pretty well provided for.

You can sum up the grievances against this Road in short order. One is from East Boston, to the effect that there are not frequent cars enough along Atlantic avenue to the Union Station. Well, that varies from summer to winter, and is such a matter of detail that the system in general ought not to be changed. They also complained that they could not get to Charlestown and Everett by any cars which passed their ferry, and that is true. Mr. Sergeant's testimony met that very completely, when he said that the reason that that connection had not been made was this: The Transit Commission is arranging to build a new bridge to Charlestown, with large approaches and arrangement of streets for convenient use and access to the northern section of the city and beyond. The West End Road has not seen fit to go to the very large expense of building and equipping an electric line to connect with the existing bridge, which as you all know, is over crowded, and has delayed any action until the new bridge should be built. There is no question whatever that just as soon as the new means of communication is provided a line will be put on through Atlantic Avenue, and this last difficulty which troubles the people of East Boston will be met.

South Boston witnesses were very careful to say that they were being used very well indeed. In fact, as one of their witnesses said, they had no complaint to make whatsoever except that they couldn't get to the harbor boats as conveniently as they wished. Now, the South Boston cars, many of them, run to the foot of Summer street, and all of them will run to the new union station when built, and from there to the harbor boats is a matter of a very few minutes' walk. They did not claim that that was so serious a difficulty that it ought to be remedied by you.

One man made a complaint that from Winter Hill you couldn't get a free transfer to Medford on the shortest line, but you were obliged to take a somewhat longer line to the transfer station in order to be transferred out there. There were a few other complaints such as that. But I submit that the entire effect of the evidence was that they had accomplished by their past agitation about all they wanted, and that the system as it exists now is a pretty good one. Witnesses said distinctly that the Dudley street transfer system was well-nigh perfect; the East Boston system the same; the Grove Hall system was well covered; the Cambridge system was absolutely satisfactory; Charlestown and the northern section, with the transfer station established last fall at Sullivan Square, was entirely satisfactory, except to a few people in Charlestown who wanted to get around the hill instead of walking a part of the way. One man complained that he couldn't get from Jamaica Plain to the Albany station, that he had to walk from the corner of Washington and Kneeland streets, two or three squares. That is the character of most of the complaints which were made.

There was another complaint which was more important. Jamaica Plain and Roxbury witnesses complained that they could not get to Brookline, that is across the leaves of the fan. The complete answer to that is simply this, that until there is traffic enough between those sections to warrant the building of a line across, there is no reason why facilities should be provided.

Why should a man who has ridden five or six or seven miles to come into the center of the city be carried back several miles more to Brookline? It seems to me, gentlemen, he has already had ride enough for his fare. I cannot refrain from quoting some things that petitioners' witnesses said.

Mr. John H. Sullivan, one of their witnesses, said :

"I cannot help comparing the splendid service that we get now with the old service that we had when we had the Metropolitan and half a dozen other lines in Boston. I have travelled a great deal; I have been in nearly all the principal cities of this country and over a considerable part of Europe, and I call it the best service in the world that we have got here for street railway in Boston without any exception whatever." Ex-Alderman Mahoney said : "I agree with Mr. Sullivan in regard to the West End Railroad . . . and I think myself that if the West End Street Railroad only took into consideration the people a little mite more, why, I think it would be appreciated by the people."

When you consider the growth of this free transfer system, and see how much it has been appreciated, you get the answer to that suggestion.

Frank Mason said: "I say that I do not believe that the West End, however much they might desire,—and I think they have shown a disposition to try to serve the different sections of the city, especially when the different associations have tried to get something from them, but I don't believe they could serve those different sections of the city properly and handle the traffic in the central part of the city."

That is one of the strongest witnesses, and he practically says that the free transportation system is an impossibility, on account of the congestion and the situation in the center of the city.

Senator Gallivan was kind enough to say: "I can speak for my own section, South Boston, and say that the transfer system has been increased very materially, and as the President of the South Boston Citizens Association said, we in South Boston have not the grievance we had up to last year. My connection with the matter this year has been because people in other sections of the city have urged me to continue the fight. I desire to say that the West end have treated us in South Boston beautifully."

Mr. Donovan said: "I claim that the West End Street Railroad has gone in the right direction these last three years. They have satisfied the people in a great many sections where formerly they did not do so. I will admit all that. I want to be fair to this corporation." And the chairman said, "You will admit, will you not, Mr. Donovan, that the street railway system has been changed materially in the past four, five or six years?"

"Oh, yes, I will admit all that, Mr. Chairman." "And you will admit that the West End Company has in the last three years given valuable concessions?" "I will admit all that, yes, sir." "And you will admit that it is doing that as fast as it can conveniently, consistently with its own plans?" "No, I will not admit that, Mr. Chairman."

Now, I submit to you, gentlemen, that the upshot of this whole matter is this: that there isn't any particular demand this year for further free transfer facilities. If you remember the crowds of the last two years and the fight that was then made, led by City Solicitor Bailey of the City of Boston, under the direction of the city, and had seen these rooms crowded, so that it was almost impossible to get admission into the hearings, you would realize that the situation has entirely changed. Apart from the columns of one newspaper, which has taken this thing up as a fad and fans the flame a little from time to time, and apart from the generous efforts of a few gentlemen, I submit to you that "so much has been done" and, "on the whole so well done," that the people are no longer clamorous for this change or any radical change in the service. In other words, it is doubtful, gentlemen, if you are really expected seriously to pass such sweeping drastic measures as are suggested here.

What the West End has done and what the Commonwealth Promised.

I have thus far been dealing only with the petitioner's case, and with the impressions resting in the minds of the public. I want now to call your attention briefly to the other side of the case. Of course many arguments have been anticipated in answering the arguments which the petitioners have advanced, but there are some others.

In 1886, eleven years ago, there were seven street railway systems in the city of Boston. They were using the old short cars which seated 24 people. Horses were occupying one-third of the congested streets. The congestion was as bad, if not worse, as it has been at any time during the subway construction. With the growth of the outlying sections of Boston, the transit through the congested portion was simply intolerable, the limit of the streets within a mile of City Hall had been reached, and Bos-

ton was forced by its suffering to be the first city to seek to solve the problem of rapid transit. These old roads were fighting each other all the time, each one trying to get as many of its cars as it could into the congested section. The Board of Aldermen was constantly called upon even to define the number of cars during particular hours that each road should be allowed to run.

After a year or more of agitation the Legislature in 1887, by chapter 443 of the acts of that year, chartered the West End Road and authorized it to consolidate all the roads; and to introduce either the cable or electric system of traction. The only limitation, gentlemen, which that charter placed upon the West End Road was that the Directors should not increase the fares beyond the prices then paid. What the Commonwealth of Massachusetts said to the men about to invest this large amount of capital was merely, "You shall not increase the fares which are now paid." Upon that condition alone the West End Road undertook the solving of this great problem.

One thing more. The Public Statutes of Massachusetts stood then as they stand now. Chapter 113, sections 43-46, provides that the directors of street railways may fix the rates of fares upon their lines, subject only to application to the Railroad Commissioners for a reduction of the fares; and no reduction of the fares can be made by the Railroad Commissioners which reduces dividends below 10 per cent. That was the law as it stood then and stands now. And with that law on the statute books the charter of the West End was granted, merely saying that the directors should not increase fares above existing rates.

It was claimed by an adverse witness here the other day that such charters as this constitute contracts; that the provision that the Aldermen and Selectmen may discontinue locations was a contract which vested a valuable right in the city or town and could not be disturbed by the Legislature. He was not accurate as a matter of law, but he was accurate, gentlemen, as a matter of fair dealing and sound policy on the part of the State of Massachusetts. And since his statement is morally true, so also is the statement morally true that when the Massachusetts Legislature said that directors might fix fares, that too was a moral contract which the State of Massachusetts and this Legislature ought not to violate. Unless they propose to recede from the position taken by one of their witnesses, they certainly cannot make any claim that this proposed legislation is justified.

On the faith, gentlemen, of this act, that dividends were not to be reduced below 10 per cent. as stated in the statute, the West End Road went forward. It destroyed, gentlemen, all the tangible property of the roads with which it consolidated, everything except its right of way through the streets and its real estate. Car houses were sacrificed ; every rail was taken up, practically every horse was sold, every stable was demolished and the land sold for what it would bring. Millions of the value which it received from the old companies had to be wiped out, and a new system undertaken. Cable traction was investigated at considerable expense, and laid one side. Electric traction was then considered. It was a new thing in the world. It had been tried in Richmond, Virginia, and there it was proving a partial success, but people by the hundreds and thousands said it would not work in a snow-clad section like Boston during the winter months, and that the millions to be expended would be thrown away. But the West End had the courage to go forward, trying first the underground connection, and then the overhead trolley system, and adopting one by one every improvement that has been made in electric traction. It has given you what nearly every opposing witness has called the finest railway system in the world. It has given you, gentlemen, for instance on Washington street, where there used to be forty pound flat rail spiked on to a cedar or pine stringer, a steel rail weighing 100 pounds, heavier than is used on any steam railroad in Massachusetts, and subjected to greater wear, and costing more money, tied together in the most approved fashion, and switches, frogs and curves of the most expensive construction. It has taken the horses out of your streets, and, by the way, taken the offal from 9,000 horses out of your midst ; has given you in place of the old horse cars, the new closed cars seating thirty-six persons instead of twenty-four as the old ones did, and the new open cars seating fifty persons instead of thirty-five as the old ones did, utilizing by the extra seating accommodations for passengers the space in the streets, which was formerly occupied by horses ; it has given you parlor cars, upholstered, lighted by electricity, warmed by electricity, equipped with electric bells to summon the conductor, or to stop the car without the passenger rising. Compare this with anything else in the world, and I ask you, gentlemen, if this road, selfish if you are a mind to call it so, a monopoly

if you want to use a stigma, has not been wisely selfish and broadly beneficial to the citizens of Boston.

In doing all that, gentlemen, they have borrowed five millions of money besides the debt they assumed; they have put in nearly ten millions of their own money, and that is what you are dealing with. Every dollar of that money was put in on the faith of Massachusetts. Massachusetts had never violated its faith with invested capital or with anybody, and resting upon that faith which had never been broken, fifteen millions of money have been placed here, every dollar of it, enuring to the benefit of the citizens of Boston.

We are told, gentlemen, constantly that this railroad is owned by outsiders, and that you can slaughter New York capital. It is not. Eighty-nine per cent. of the preferred stock of this Road is held in Massachusetts; eighty per cent. of the common stock is held in Massachusetts. And, now that I am speaking of it, sixty per cent. of the preferred stock of this railway is held by women and trustees, and one-sixth of the common stock is held by trustees and women. It is with such stockholders as these that you are called upon to deal in the sweeping manner indicated by these bills.

Well, now, gentlemen, look at the other side. A condition was applied to this road. It was told it must not increase fares. Has it increased them? Has it sought to increase them anywhere? Watertown, Newton, Arlington Heights, Malden, Medford, I am not sure about Everett, paid ten cents to come to the center of the city of Boston in the old way; they pay five now. Here is a reduction of fare of one-half. The average length of the transit was four miles, as late as 1892. The average length of a half trip of a West End car, in 1892, in October, was four miles. In August, 1896, it was 5.53 miles; so that for the same fare forty per cent. more travel was given to the people. The old lines, none of them, exchanged tickets between themselves. Nine-cent and eight-cent transfer checks were sold between some of them, but upon consolidating them all, a ticket was good over all the lines of the West End; and transfer stations have been established at twelve different points, which give free transfers in almost as many directions as the West End cars go. Fifty-six thousand of these free transfer checks are issued daily, one-quarter as much, gentlemen, as the whole

revenue travel of all the roads in Boston when the consolidation was made, and as much as the combined traffic of the Highland and the Middlesex roads put together.

More than that, the distance which can be travelled has been greatly increased without additional fare. Thirty-one of this Road's lines run over seven miles, and seven of the lines run from thirteen to fifteen miles. It accommodates fifteen cities and towns, making no demarcation at boundary lines. And the rate of travel authorized by law, which was formerly six miles per hour has been increased to nine miles. The rate of wages of employees has been increased from \$2 to \$2.25 a day, and the running time on every one of the lines formerly existing has been shortened. Notwithstanding the congestion in the central part of the city of Boston, the running time has been decreased from six to twenty minutes on every line which existed ten years ago, the average reduction in the running time being nine minutes.

So far then from having violated the injunction placed upon it by the State, the road has not only conformed to it, but it has decreased fares, increased distances and given infinitely better service. Instead of having increased its fares, it has, considering all these conditions, practically reduced its fare one-half, and increased the service most marvellously.

I wish in closing to call your attention to one or two reasons why no action should be taken at the present time. If it ever should be taken, gentlemen, I submit that this is not the time. During the past year thirteen new lines have been put on by this road. That is to say, wherever there was a grievance, where one section could not reach another section conveniently and there was any amount of travel which warranted it, a new line of cars was put on to meet that exigency. Cambridge cars run to the Union Station, as a fair illustration; Brookline cars run to the Union Station; South Boston cars run to the Union Station. Thirteen lines have been arranged expressly for the accommodation of the public, so that even the witnesses for the petitioners conceded that to be the fact. Seven of the old lines were extended for the same purpose, and wisely and skillfully extended, bearing in mind the capacity of the streets in this vicinity, and yet bearing in mind the demands of the public. Three of the transfer stations were extended so that no complaint comes from any one of them, and two new transfer sta-

tions, one covering the whole northern part, meaning by that Charlestown, Malden, Everett and Somerville, were put on, and the East Boston system made practically perfect. And in that connection it is fair to say that no application to the West End Road, as the evidence shows, has been made for a single other transfer station in any part of the city.

The road as you all realize, is a skillfully and carefully managed road, and yet, there is a point beyond which you cannot burden the strongest corporation nor the strongest animal. The time comes when a feather, or at all events, a club, will break the animal's back. And I want to ask you to consider whether you haven't and we haven't about reached that point now. I have already called your attention to the fact that the surplus was \$64,000, on unimpeached and unimpeachable figures. Now that margin is very small on a total revenue of eight millions and over. Very recently, by direction of the Massachusetts Legislature, the wires in a certain section, the feed wires, have been put underground, at an expenditure of \$400,000. The heating, as I have said, adds 25 per cent. to the power plant, to the wire plant and to the expenditure for power. And, further than that, the subway lease has just been assumed by the West End Road. It was well enough off as it was. It had its tracks and its apparatus in all central streets, and, so far as earning money was concerned, it was well enough off as it was. But for the convenience of the public of Boston, Boston builds a subway, and says to the West End, practically, you shall take it. And that lease calls for an annual expenditure for rental of \$332,500, an additional burden of a very large amount.

More than that it calls for the repairs of the subway, and I take it nobody can guess what that will cost. Nobody can guess what the various forces working upon that structure will do. We have seen something of what modern streets will do to gas pipes and water pipes and electrical lines of every description, but what in the case of a subway of this character, a steel subway, will be the effect of the amount of electricity in the ground and of the operation of natural causes, nobody can predict; No one will be brave enough to say that the West End Road does not face a serious peril in assuming the constant repair of the subway.

More than that, the subway does not add a penny to the rev-

enue of the Road. On the contrary it will reduce it. The amount of money received by the Road between the Providence Station and the Union Station from people who ride three or four or half a dozen blocks just to get out of the crowd, is very large. If you will pardon a personal illustration, coming in at the Union Station, and the cars passing my office on Washington street, I usually take a car to avoid the crush. Does anybody dream that I or anybody else will walk the width of the Union Station, go down into the subway, only to emerge from a hole in the ground at Scollay Square? The question of convenience, the question of inertia, is what controls people. And you will find, I predict, that practically all the revenue from "short trippers," as they are called, will be lost. Unless people are going some distance, they will not go down in the subway and take a car and then climb out of it.

More than that, the building of the Union Station at the southerly part of the city will call for numerous changes of lines. I ought to have said before that something like a hundred thousand dollars is lost to the West End Road by the loss of its tracks through the section where the subway goes, in addition to the \$332,500 of rental every year.

The building of the Union Station at the southerly part of the city, and the rearrangement of the streets will call for the wiping out of a very large amount of capital already invested, and for the expenditure of more in laying new tracks, and in providing for the new avenues of travel.

THE CHAIRMAN. Can't these rails you will take up be used elsewhere?

MR. ELDER. To some extent they can be used.

THE CHAIRMAN. They don't go to the scrap heap, do they?

MR. ELDER. Oh, no. But many of the switches and the curve rails are adapted to the particular points where they are used, and with difficulty can be used anywhere else, but the straight rails can be used in other places. But one very large item of loss is the labor of laying them. It is not merely so much per ton for the steel rails, but it is the cost of the labor in changing them and placing them. That is going to be a very considerable burden to this Road, and that must be made up, gentlemen, out of earnings. Under the laws of this State, you cannot issue new stock for renewals of plant; you must pay as

you go along and that is sound policy. Stock issued for worn out or replaced track does not represent new plant, but is watered stock. The policy of this State has been and is to prevent the watering of stock. Paying, then, gentlemen, out of the revenue, that revenue, at least for the present, ought not to be cut down.

Another consideration is this: You are considering, in conjunction with another committee, an elevated railway system. That system proposes to lease this road, and it proposes to place the question of free transfers in the hands of the Railroad Commissioners, as I earlier pointed out, and for the adoption of such system as shall seem to that commission proper.

Why then, gentlemen, should you be burdened with the consideration of it now? If that charter is carried through, and that road leases the lines of this road, then your work will immediately be undone by the new road preparing and submitting to the Railroad Commissioners a scheme for free transfers. I submit, gentlemen, that, at least for the present, this discussion is a moot discussion, and that you would be simply wasting your time and wasting legislation.

I thank you, gentlemen, very much for the courtesy with which you have listened to me for a couple of hours. I have found it somewhat difficult to compress the various facts and figures and interests which bear upon this subject, even within the limits of the two hours. I trust you haven't had a much worse time than I have, but your attention has made it less irksome to me.

In closing I wish to say that I believe that the movement for free transfers in Boston, as I have said before, is practically a spent ball. A comparison between this year and the past year shows, by the lack of interest, this year, that the city of Boston and its citizens are practically satisfied with the work which has been done by this Road. The praise of the road by adverse witnesses who have testified before you has shown the same thing. It is not questioned that the city of Boston has the finest street railway system in the world. But whether that is so or not, gentlemen, would make no difference to you. You sit here and have always occupied these seats judiciously, dealing with this question, not as a matter of popular clamor, but as a matter of fair dealings between different interests and different parties.

I submit to you, gentlemen, that the faith of the Commonwealth has been pledged against any such interference with the capital invested in this road as is proposed. I submit to you that the changes asked for are ruinous ; that under the circumstances at the present time, no worse season could be found for any change whatsoever. And I submit to you, gentlemen, that if the faith of the Commonwealth were not pledged, not a particle of a case has been made out or of necessity shown for such legislation.



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